



**HILLMAN COMMUNITY SCHOOLS
FINANCIAL REPORT
AND SINGLE AUDIT COMPLIANCE
June 30, 2024**

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INDEPENDENT AUDITORS' REPORT

Board of Education
Hillman Community Schools

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hillman Community Schools as of and for the year ended June 30, 2024, and the related notes to the financial statements which collectively comprise the Hillman Community Schools' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective of the governmental activities, each major fund, and the aggregate remaining fund information of Hillman Community Schools, as of June 30, 2024 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hillman Community Schools and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hillman Community Schools' ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hillman Community Schools's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hillman Community Schools's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the pension and other post-employment benefit schedules of proportional share and contributions schedules on pages 4–11 and 42–48 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hillman Community Schools' basic financial statements. The accompanying combining and individual nonmajor fund financial statements, indebtedness schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior Year Information

The financial statements contain summarized total information as of and for the year ended June 30, 2023. The prior year information was obtained from the audited financial statements of the prior year and is consistent, in all material respects, with the audited financial statements from which it was derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2024 on our consideration of Hillman Community Schools's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hillman Community Schools's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Hillman Community Schools's internal control over financial reporting and compliance.

Quast, Janke and Company



Bay City, Michigan
October 29, 2024

HILLMAN COMMUNITY SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

This section of Hillman Community Schools' annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2024. Please read it in conjunction with the School District's financial statements, which immediately follows this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Hillman Community Schools financially as a whole. The District-wide Financial Statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant funds – the General Fund, the Food Service Fund, the Sinking Fund, the Student Activities Fund and the 2015 Debt Retirement Fund.

Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)

Basic Financial Statements

District-wide Financial Statements Fund Financial Statements

Notes to the Financial Statements

Required Supplemental Information

Budgetary Information for the Major Funds

Schedule of Reporting Units Contributions

Notes to the Required Supplementary Information

Other Supplemental Information

HILLMAN COMMUNITY SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

Reporting the School District as a Whole

District-wide Financial Statements

One of the most important questions asked about the School District is, “As a whole, what is the School District’s financial condition as a result of the year’s activities?” The statement of net position and the statement of activities, which appear first in the School District’s financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year’s revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District’s net position – the difference between assets and liabilities, as reported in the statement of net position – as one way to measure the School District’s financial health or financial position. Over time, increases or decreases in the School District’s net position – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District’s operating results. However, the School District’s goal is to provide services to their students, not to generate profits as commercial entities strive to do. One must consider many other nonfinancial factors, such as the quality of the education provided to students and the safety of the schools, to assess the overall health of the School District.

The statements of net position and statement of activities report the governmental activities for the School District, which encompass all of the School District’s services, including instruction, supporting services, community services, athletics, and food services. Property taxes, unrestricted State Aid (foundation allowance revenue), and State and Federal grants finance most of these activities.

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The School District’s fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law or by bond covenants. Other funds are established to help the School District control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants, and other sources of revenue. The School District’s two types of funds, governmental and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

HILLMAN COMMUNITY SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

Governmental funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps the reader determine what financial resources are readily available to spend in the near future to finance the School District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

District-wide Financial Analysis

The statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2024 and 2023:

Table 1	Governmental Activities	
	June 30, 2024	June 30, 2023
Assets:		
Current and other assets	\$ 2,911,521	\$ 2,778,426
Capital assets - net of accumulated depreciation	5,615,610	5,708,797
Net OPEB asset	148,965	-
Total Assets	8,527,131	8,487,223
Deferred outflows of resources	3,361,119	3,249,670
Liabilities:		
Current liabilities	848,782	741,687
Long-term liabilities	8,279,147	9,716,040
Total liabilities	9,127,929	10,457,727
Deferred inflows of resources	2,826,843	1,939,655
Net Position:		
Net investment in capital assets	5,535,568	5,372,926
Restricted - Debt service	-	81,925
Restricted - Food service	10,223	8,972
Restricted - Sinking fund	432,885	347,198
Unrestricted	(5,896,233)	(6,471,510)
Net Position	\$ 82,443	\$ (660,489)

HILLMAN COMMUNITY SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

The above analysis focuses on the net position (see Table 1). The School District's net position was \$82,559 at June 30, 2024. Net investment in capital assets totaling \$5,488,017 compares original cost less depreciation of the School District's capital assets to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraint from debt requirements and legislation that limit the School District's ability to use those net positions for day-to-day operations.

The results of this year's operations for the School District as a whole are reported in the statement of activities (see Table 2), which shows the changes in net position for fiscal years 2024 and 2023.

Table 2

	Governmental Activities	
	Year Ended June 30,	
	2024	2023
Revenue:		
Program revenue:		
Charges for services	\$ 57,984	\$ 90,717
Grants and categorical	2,822,371	3,075,191
General revenue:		
Property taxes	2,100,566	2,434,095
State PILT	568	25,373
State unrestricted	2,177,084	1,953,286
Investment earnings	75,392	60,140
Other	37,155	35,018
Total Revenue	7,271,120	7,673,820
Function/Program Expenses:		
Instruction	3,298,466	3,504,127
Support services	2,479,527	2,237,553
Community services	3,218	-
Food services	361,381	382,066
Interest on long-term debt	8,823	24,762
Depreciation (unallocated)	376,773	369,901
Total Expenses	6,528,188	6,518,409
Increase (Decrease) in Net Position	\$ 742,932	\$ 1,155,411

HILLMAN COMMUNITY SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

As reported in the statement of activities, the cost of all of our governmental activities this year was \$6,528,070. Certain activities were partially funded from those who benefited from the program or by other governments and organizations that subsidized certain programs with grants and categoricals of \$2,822,371. We paid for the remaining “public benefit” portion of our governmental activities with \$2,100,566 in taxes, \$2,177,084 in state foundation allowance, and with our other revenues, such as interest and general entitlements.

The School District experienced an increase in net position of \$743,048. A key reason for the change in net position was an increase in grants and categorical and state unrestricted revenues. The increase in net position differs from the change in fund balance and the reconciliation appears on page 17.

As discussed above, the net cost shows the financial burden that was placed on the State and the School District’s taxpayers by each of these functions. Since property taxes for operations and unrestricted State aid constitute the vast majority of School District operating revenue sources, the Board of Education and Administration must annually evaluate the needs of the School District and balance those needs with State-prescribed available unrestricted resources.

The School District’s Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District’s overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$2,228,075, which is an increase of \$72,728 from last year.

The General Fund showed an increase in fund balance of \$25,765, to \$1,639,383 at June 30, 2024. This year, the District received increase state source revenues which offset a decrease in federal source revenues.

The Food Service Fund showed an increase in fund balance of \$1,251 at June 30, 2024. The primary reason for the increase in fund balance is a transfer in from the General Fund.

The Debt Service Fund showed a decrease in fund balance of \$85,887 at June 30, 2024. This was to close the fund as the bond was paid in full as of June 30, 2023.

HILLMAN COMMUNITY SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

The sinking fund showed an increase in fund balance of \$110,662. The property tax revenues increased slightly over the prior year.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements. Changes to the General Fund original budget were as follows:

Budgeted revenues were increased from the original budget by \$848,877. The increase in revenues budget was necessary to reflect the increase in state source revenues that were unknown at the time of the original budget adoption.

Budgeted expenditures were increased from the original budget by \$863,656. The increase in expenditures budget was to reflect the increase in expenditures related to the increase state source revenues.

Actual revenues were \$137,433 less than the final budget. The difference between actual and final budgeted revenues was approximately 2%.

Actual expenditures were \$360,491 less than the final budget. This was due to timing differences in state source related expenditures. The difference between actual and final budgeted expenditures was approximately 5%.

HILLMAN COMMUNITY SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

Capital Assets

At June 30, 2024, the School District had \$14,219,366 invested in a broad range of capital assets, including land, buildings, vehicles, and equipment. This amount represents a net increase (including additions and disposals) of \$167,525.

	2024	2023
Land and improvements	\$ 659,506	\$ 659,506
Buildings and improvements	10,044,295	9,965,928
Buses and other vehicles	728,925	728,925
Furniture and equipment	2,656,147	2,629,559
Right-to-Use Equipment leases	67,923	67,923
SBITAs	80,929	30,261
Total Capital Assets	<u>14,237,725</u>	<u>14,051,841</u>
Less Accumulated Depreciation	<u>8,622,115</u>	<u>8,373,305</u>
Net Capital Assets	<u><u>\$ 5,615,610</u></u>	<u><u>\$ 5,678,536</u></u>

This year's additions of \$282,301 consisted of the following:

Vehicle equipment	\$ -
Furniture and equipment	146,237
Building and land improvements	78,367
Leased equipment	-
SBITAs	50,668
	<u><u>\$ 275,272</u></u>

Debt

At the end of this year, the School District had \$189,707 in long-term outstanding debt versus \$280,950 in the previous year. The debt was made up of the 2020 bus loan.

The School District's General Obligation Bond rating continues to be equivalent to the State's credit rating. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to this limit. The School District's outstanding unqualified general obligation debt's final payment was made during the 2023-23 school year.

HILLMAN COMMUNITY SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

Economic Factors and Next Year's Budgets and Rates

Administration considers many factors when setting the School District's 2024-2025 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2024-2025 fiscal year is 90 percent and 10 percent of the October 2024 and February 2024 student counts, respectively. The 2024-2025 fiscal year budget was adopted in June 2024, based on an estimate of students that will be enrolled in October of 2024. Approximately 33 percent of total General Fund revenues are from the unrestricted state aid. Under State law, the School District cannot access additional property tax revenue for general operations. As a result, School District funding is heavily dependent on the State's ability to fund local school operation. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget if actual School District resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State periodically holds a revenue-estimating conference to estimate revenues. Based on the results of the most recent conference there will not be an increase in the foundation allowance for the fiscal year 2025.

Contacting the School District's Financial Management

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Superintendent at Hillman Community Schools, 26042 M32 South, Hillman, Michigan 49746.

HILLMAN COMMUNITY SCHOOLS
STATEMENTS OF NET POSITION
June 30, 2024 and 2023

	2024	2023
ASSETS:		
Cash & equivalents	\$ 852,077	\$ 862,029
Accounts receivable	1,188	18,057
Taxes receivable	-	-
Due from other governmental units	808,571	793,497
Prepaid items	69,678	10,245
Investments	1,169,784	1,090,128
Inventories	10,223	4,470
Capital assets, net	5,615,610	5,708,797
Net OPEB asset	148,965	-
Total Assets	8,676,096	8,487,223
DEFERRED OUTFLOWS OF RESOURCES:		
Related to pensions	2,672,864	2,514,593
Related to OPEB	688,255	735,077
Total Deferred Outflows of Resources	3,361,119	3,249,670
LIABILITIES:		
Accounts payable	107,072	89,686
Accrued payroll and other liabilities	624,041	533,393
Accrued interest	409	606
Compensated absences	121,465	128,152
Net OPEB liability	-	486,975
Net pension liability	8,045,935	8,883,044
Current portion of long term liabilities	117,260	118,002
Non current portion of long term liabilities	111,747	217,869
Total Liabilities	9,127,929	10,457,727
DEFERRED INFLOWS OF RESOURCES:		
Related to pensions	1,528,284	756,601
Related to OPEB	1,298,559	1,183,054
Total Deferred Inflows of Resources	2,826,843	1,939,655
NET POSITION:		
Investment in capital assets - net of related debt	5,535,568	5,372,926
Restricted for debt service	-	81,925
Restricted for food service	10,223	8,972
Restricted for sinking fund	432,885	347,198
Unrestricted (deficit)	(5,896,233)	(6,471,510)
Total Net Position (deficit)	\$ 82,443	\$ (660,489)

HILLMAN COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023 With Comparative Totals for 2022

	Expenses	Program Revenues			Governmental Activities	
		Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions	Net (Expenses) Revenues And Changes in Net Position 2024	2023
GOVERNMENTAL ACTIVITIES:						
Instruction	\$ 3,298,466	\$ -	\$ 1,567,192	\$ 136,187	\$ (1,595,087)	\$ (1,454,026)
Supporting services	2,479,527	42,482	768,177	-	(1,668,868)	(1,445,502)
Community services	3,218	-	-	-	(3,218)	-
Food services	361,381	15,502	350,815	-	4,936	(58,310)
Interest on long term debt	8,823	-	-	-	(8,823)	(24,762)
Depreciation (unallocated)	376,773	-	-	-	(376,773)	(369,901)
Total Governmental Activities	<u>\$ 6,528,188</u>	<u>\$ 57,984</u>	<u>\$ 2,686,184</u>	<u>\$ 136,187</u>	(3,647,833)	(3,352,501)
GENERAL PURPOSE REVENUES:						
Property taxes, levied for operating purposes					1,884,522	1,763,160
Property taxes, levied for debt retirement					3,823	477,484
Property taxes, levied for sinking fund					212,221	193,451
State school aid - unrestricted					2,177,084	1,953,286
State PILT					568	25,373
Investment earnings					75,392	60,140
Other					37,155	35,018
Total General Purpose Revenues					<u>4,390,765</u>	<u>4,507,912</u>
Change in net position					742,932	1,155,411
Net Position (deficit) - Beginning of Year					(660,489)	(1,815,900)
Net Position (deficit) - End of Year					<u>\$ 82,443</u>	<u>\$ (660,489)</u>

See Notes to Financial Statements

HILLMAN COMMUNITY SCHOOLS
GOVERNMENTAL FUNDS BALANCE SHEET
June 30, 2024 With Comparative Totals at June 30, 2023

ASSETS	GENERAL	FOOD SERVICE	SINKING	NONMAJOR		Totals June 30,	
				STUDENT ACTIVITY FUND	2015 DEBT RETIREMENT	2024	2023
Cash	\$ 255,627	\$ 44,057	\$ 429,145	\$ 123,248	\$ -	\$ 852,077	\$ 862,029
Taxes receivable	-	-	-	-	-	-	-
Accounts receivable	1,188	-	-	-	-	1,188	18,057
Grants receivable	134,908	-	-	-	-	134,908	206,705
Due from State of Michigan	665,387	8,276	-	-	-	673,663	586,792
Due from other funds	48,654	-	3,740	-	-	52,394	25,953
Prepaid items	92,370	-	24,975	-	-	117,345	10,245
Investments	1,169,784	-	-	-	-	1,169,784	1,090,128
Inventory	-	10,223	-	-	-	10,223	4,470
	<u>2,367,918</u>	<u>62,556</u>	<u>457,860</u>	<u>123,248</u>	<u>-</u>	<u>3,011,582</u>	<u>2,804,379</u>
LIABILITIES AND FUND EQUITY							
LIABILITIES:							
Accounts payable	45,058	-	-	40	-	45,098	89,686
Salaries payable	262,390	-	-	-	-	262,390	277,665
Retirement	170,268	-	-	-	-	170,268	132,963
Payroll taxes	19,153	-	-	-	-	19,153	20,190
Employee benefits	38,125	-	-	-	-	38,125	39,804
Due to other governments	61,974	-	-	-	-	61,974	-
Due to other funds	-	49,795	-	2,599	-	52,394	25,953
Unearned revenue	131,567	2,538	-	-	-	134,105	62,771
Total Liabilities	728,535	52,333	-	2,639	-	783,507	649,032
FUND BALANCES:							
Nonspendable	92,370	10,223	24,975	-	-	127,568	14,715
Restricted	-	-	432,885	-	-	432,885	433,625
Assigned	-	-	-	-	-	-	-
Committed	-	-	-	120,609	-	120,609	103,634
Unassigned	1,547,013	-	-	-	-	1,547,013	1,603,373
Total Fund Balances	1,639,383	10,223	457,860	120,609	-	2,228,075	2,155,347
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,367,918</u>	<u>\$ 62,556</u>	<u>\$ 457,860</u>	<u>\$ 123,248</u>	<u>\$ -</u>	<u>\$ 3,011,582</u>	<u>\$ 2,804,379</u>

HILLMAN COMMUNITY SCHOOLS
GOVERNMENTAL FUNDS
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET POSITION
June 30, 2023

Total Fund Balances - Governmental Funds	\$ 2,228,075
Amounts reported for governmental activities in the statement of net position are different because -	
Prepaid in funds recored as capital asset in governmental activities	(47,667)
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Capital assets at cost, net	5,615,610
Deferred outflows of resources are not reported in the governmental funds-	
Related to pensions	2,672,864
Related to OPEB	688,255
Long term liabilities not due and payable in the current period and therefore not reported in the funds -	
Bus Loan	(189,707)
Leases payable	(26,806)
Subscription arrangements	(12,494)
Compensated balances	(121,465)
Net OPEB liability	148,965
Net pension liability	(8,045,935)
Deferred inflows of resources are not reported in the governmental funds-	
Related to pensions	(1,528,284)
Related to OPEB	(1,298,559)
Accrued interest payable not included as a liability in governmental activities	(409)
Rounding	-
Total Net Position - Governmental Activities	<u>\$ 82,443</u>

HILLMAN COMMUNITY SCHOOLS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
Years Ended June 30, 2024 With Comparative Totals at June 30, 2023

	GENERAL	FOOD SERVICE	SINKING FUND	NONMAJOR		TOTALS JUNE 30,	
				STUDENT ACTIVITY FUND	2015 DEBT RETIREMENT	2024	2023
REVENUES:							
Local sources	\$ 2,063,843	\$ 15,608	\$ 215,629	\$ 123,019	\$ 139	\$ 2,418,238	\$ 2,782,066
State sources	3,708,522	51,960	-	-	3,823	3,764,305	3,632,479
Federal sources	480,761	298,855	-	-	-	779,616	961,663
Interdistrict and other sources	308,959	-	-	-	-	308,959	297,112
Total Revenues	6,562,085	366,423	215,629	123,019	3,962	7,271,118	7,673,320
EXPENDITURES:							
Instruction	3,713,751	-	-	-	-	3,713,751	4,026,860
Supporting services	2,576,378	-	4,170	106,044	-	2,686,592	2,481,131
Community services	3,218	-	-	-	-	3,218	-
Food service	-	396,247	-	-	-	396,247	400,508
Capital outlay	170,520	-	100,797	-	-	271,317	98,716
Debt service -							-
Principal repayment	118,245	-	-	-	-	118,245	637,446
Interest and fiscal charges	9,020	-	-	-	-	9,020	27,142
Total Expenditures	6,591,132	396,247	104,967	106,044	-	7,198,390	7,671,803
OTHER FINANCING SOURCES (USES):							
Operating transfer in	85,887	31,075	-	-	-	116,962	-
Operating transfer (out)	(31,075)	-	-	-	(85,887)	(116,962)	-
Prior year adjustment	-	-	-	-	-	-	-
Sale of assets	-	-	-	-	-	-	500
Indirect costs	-	-	-	-	-	-	-
Indirect cost recovery	-	-	-	-	-	-	-
Redemption of debt	-	-	-	-	-	-	43,229
Net other financing sources (uses)	54,812	31,075	-	-	(85,887)	-	43,729
Net Change in Fund Balance	25,765	1,251	110,662	16,975	(81,925)	72,728	45,246
Fund Balance - Beginning of Year	1,613,618	8,972	347,198	103,634	81,925	2,155,347	2,110,101
Fund Balance - End of Year	\$ 1,639,383	\$ 10,223	\$ 457,860	\$ 120,609	\$ -	\$ 2,228,075	\$ 2,155,347

See Notes to Financial Statements

HILLMAN COMMUNITY SCHOOLS
GOVERNMENTAL FUNDS
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2023

Net Change in Fund Balances - Governmental Funds	\$	72,728
Amounts reported for governmental activities in the statement of activities are different because -		
Governmental funds report capital outlays as expenditures in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:		
Depreciation expense	\$ (376,773)	
Capital outlay	<u>224,537</u>	
Net		(152,236)
Accrued interest recorded in the statement of activities when incurred and reported in governmental funds when paid		197
Repayment of long-term liabilities is an expenditure in the governmental funds but reduces long-term liabilities in Statement of Net Position		
Principal payments on bus note	91,243	
Principal payments on leases payable	16,401	
Principal payments on subscription arrangements	<u>10,601</u>	118,245
Finance proceeds reported as other financing sources in governmental funds and as an increase of long-term debt in the statement of activities		-
The changes in net pension liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.		223,697
The changes in net OPEB liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.		473,613
Decreases in compensated absences are reported as expenditures when financial resources are used in the governmental funds in accordance with GASB Interpretation No. 6		6,687
Rounding		<u>1</u>
Change in Net Position of Governmental Activities	<u>\$</u>	<u>742,932</u>

HILLMAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 1. Summary of Significant Accounting Policies

The accounting policies of Hillman Community Schools conform to United States generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Government Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the School District's government-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identified with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

District-wide Statements

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the district-wide financial statements.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted State aid.

HILLMAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Fund-based Statements

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within approximately 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to available only when cash is received by the government.

Fiduciary Fund statements are also reported using the economic resources measurement focus and the modified accrual basis of accounting.

The School District reports the following major governmental funds:

General Fund

The General Fund is used to record the general operations of the School District pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

Special Revenue Fund

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The Food Service funds is a special revenue fund used by the School District. The Food Service Fund is used to account for the revenues and expenditures of furnishing breakfast and lunch to the pupils in the School District. Any operating deficits generated by these activities are the responsibility of the General Fund.

Capital Projects Fund

Capital Projects funds are used to account for and to record bond proceeds or other revenue and the disbursement of invoices specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The fund is kept open until the purpose for which the fund was created has been accomplished. The School District's Capital Projects Fund includes the Sinking Fund. The Sinking Fund is used to record the sinking fund property tax levy and other revenue and disbursement of invoices specifically for the construction or repair of school buildings, for security improvements, for the acquisition or upgrading of technology, and for all other purposes authorized by law.

HILLMAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

The School District additionally reports the following fund types:

Special Revenue Fund

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The Student Activity fund is a special revenue fund used by the School District. The Student Activity Fund is used to account for the revenues and expenditures of student activities for the pupils in the School District. Any operating deficits generated by these activities are the responsibility of the General Fund.

Debt Retirement Fund

The 2015 Debt Retirement Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs of the bonds paid primarily by taxes levied on taxpayers residing within the School District. The Debt Retirement Fund was closed in the year ended June 30, 2024.

Assets, Liabilities, and Net Position or Equity

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds". Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds".

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both district-wide and fund financial statements.

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an individual cost of more than \$1,000 and any assets susceptible to theft. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have any infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-50 years
Buses and other vehicles	5-10 years
Furniture and other equipment	3-10 years

Compensated Absences

The liability for compensated absences reported in the district-wide financial statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees, who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

HILLMAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School District has two items that qualify for reporting in this category. They relate to the School District's net pension plan and net OPEB plan liabilities and are composed from the changes in assumptions, changes in proportion and differences between the School District's contributions and proportionate share of contributions, and the School District's contributions subsequent to the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until then. The School District has two items that qualify for reporting in this category. They relate to the School District's net pension plan and net OPEB plan liabilities. They are composed from the changes in assumptions, changes in proportion and differences between the School District's contributions and proportionate share of contributions, the net difference between projected and actual earnings on plan investments and the School District's contributions subsequent to the measurement date.

Net Position/Fund Balance

In the government-wide statements, the district reports the following components of net position:

Unrestricted – Net position that is not subject to externally imposed restrictions.

Net investment in capital assets – Capital assets, accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted – Nonexpendable - Net position subject to externally imposed constraints that it be maintained permanently by the School District.

Restricted – Expendable – Net position whose use by the School District is subject to externally imposed constraints that can be fulfilled by actions of the School District pursuant to those constraints or that expire by the passage of time.

HILLMAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources in governmental funds. Under this standard, the fund balance classifications are comprised of the following:

Non-spendable – amounts that are not in a spendable form such as inventory.

Restricted – amounts constrained to specific purposes by their providers, through constitutional provisions, or by enabling legislation.

Committed – amounts constrained to specific purposes by a government itself.

Assigned – amounts a government intends to use for a specific purpose.

Unassigned – amounts that are available for any purpose, positive amounts are only reported in general fund.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

Sometimes a government will fund outlays for a particular purpose from both restricted and unrestricted resources (including committed and assigned). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Program and General Revenue

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements for a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than a program revenues.

HILLMAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Property Taxes

Property taxes are assessed as of December 31 each year and attach as an enforceable lien on property as of the following July 1. School property taxes are levied on July 1 each year, based on the previous year's assessment, by various municipalities whose boundaries include property within the District, and are due by September 14. Delinquent real taxes are advanced to the District by the Counties involved. Taxes are recorded as revenue in the year levied. Taxes receivable are recorded for property taxes collected within 60 days of year-end, if any.

For the year ended June 30, 2023, the School District levied the following amounts per \$1,000 of assessed valuation:

<u>Fund</u>	<u>Mills</u>
General Fund:	
Non-Principal Resident Exemption (PRE)	18.000
Commercial Personal Property	6.000
Sinking Fund:	
PRE, Non-PRE, Industrial Personal Property	0.9964

Use of Estimates

The process of preparing the basic financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Note 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and State law for the General, Debt Service, and Special Revenue Funds. The presentation of the budget information and the basic financial statements is consistent except that capital outlay is presented within the functional categories in the budget and the General Fund budget is presented with the original and amended budget adopted. The budget for athletic activities was adopted separately and the actual results reported, as required by GASB Statement No. 54, as part of the General Fund on the statement of revenue, expenditures, and changes in fund balance. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits school districts to amend their budgets during the year. The budget was amended during the year in a legally permissible manner.

During the year, the District incurred expenditures in certain budgetary funds, which were in excess of the amounts appropriated as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
General Fund			
General administration	378,568	379,647	1,079
Operation & maintenance	732,015	741,721	9,706

Fund Deficits - The School District had no accumulated fund balance deficits.

HILLMAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 3. SINKING FUND

The Capital Projects Fund records capital project activities funded with Sinking Fund millage. For this fund, the District has complied with the applicable provisions of Section 1212 of the Revised School Code.

Note 4. CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS

Custodial Credit Risk of Bank Deposits

As of June 30, 2024, the book value of the District's demand deposits, consisting of deposits and their cash equivalents, was \$851,651 with a corresponding bank balance of \$977,826. As of June 30, 2024, \$665,043 of the District's \$977,826 bank balance was exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the School District's deposits for custodial credit risk.

Custodial Credit Risk of Investments

Custodial risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The School District's policy for custodial risk states that custodial credit will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. The School District does not have investments with custodial risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities, other than commercial paper, which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk by requiring the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools; and limiting the average maturity in accordance with the School District's cash requirements.

Foreign Currency Risk

The District is not allowed by State statute to invest in foreign investments and accordingly has no foreign investments.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's policy does not further limit its investment choices.

HILLMAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Concentration of Credit Risk

The School District places no limit on the amount the School District may invest in any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

At year end, the School District's deposits were reported in the basic financial statements in the following categories:

	Governmental Activities	Total Primary Government
Cash and cash equivalents	\$ 852,077	\$ 852,077

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

As of June 30, 2024, the District had the following investment:

	Fair Value	Weighted Average Maturity (Years)	Standard & Poor's Rating	Allocation Percent
MILAF+MAX Class	\$ 1,169,784	0.2301	AAAm	100.00%
Portfolio Weighted Average Maturity		<u>0.2301</u>		

The District invests certain excess funds in external pooled investment funds which include money market funds. One of the pooled investment funds utilized by the District is the Michigan Liquid Asset Fund Plus (MILAF+). MILAF+ is a local government investment pool of "qualified" investments for Michigan school districts. MILAF+ is not regulated nor is it registered with the SEC. MILAF+ reports as of June 30, 2024, the fair value of the District's investments is the same as the value of the pooled shares. MILAF, as defined by GASB, is recorded at amortized cost which approximates fair value. The MILAF+ portfolio offers three share classes which are: Cash Management Class, MAX Class, and GovMIC Class. The only class that has limitations or restrictions on withdrawal is MAX Class, which requires notification of redemptions prior to 14 days to avoid penalties. The MILAF+ portfolio is not subject to fair value disclosures.

HILLMAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 5. Capital Assets

Capital asset activity of the School District's governmental activities was as follows:

	Balance July 1, 2023	Additions	Disposals	Balance June 30, 2024
Capital assets not being depreciated				
Land	\$ 196,300	\$ -	\$ -	\$ 196,300
Capital assets being depreciated				
Land improvements	463,206	-	-	463,206
Buildings and improvements	9,965,928	78,367	-	10,044,295
Buses and other vehicles	728,925	-	-	728,925
Furniture and equipment	2,629,559	146,237	(119,649)	2,656,147
Right-to-Use Equipment leases	67,923	-	-	67,923
Subscription Based Intangible Assets	30,261	50,668	-	80,929
Total capital assets	14,082,102	275,272	(119,649)	14,237,725
Accumulated depreciation:				
Land improvements	388,021	10,789	-	398,810
Buildings and improvements	5,631,200	200,053	-	5,831,253
Buses and other vehicles	262,378	77,056	-	339,434
Furniture and equipment	2,043,216	61,223	(119,649)	1,984,790
Right-to-Use Amortization	29,128	16,605	-	45,733
SBITA Amortization	19,362	2,733	-	22,095
Total accumulated depreciation	8,373,305	368,459	(119,649)	8,622,115
Net capital assets	<u>\$ 5,708,797</u>	<u>\$ (93,187)</u>	<u>\$ -</u>	<u>\$ 5,615,610</u>

Depreciation expense was charged to activities of the School District as follows:

Government Activities:

Instruction	\$ -
Support	-
Food service	-
Unallocated	368,459
Total Governmental Activities	<u>\$ 368,459</u>

HILLMAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 6. Interfund Receivables, Payables and Transfers

The interfund balances between funds result primarily from the time lag between the dates that (1) interfund good and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The composition of interfund payables during the year ended June 30, 2024 is as follows:

<u>Fund</u>		<u>Due From</u>		<u>Fund</u>		<u>Due To</u>
General	\$	48,654		Food Service	\$	48,654

The composition of interfund transfer during the year ended June 30, 2024 is as follows:

<u>Fund</u>		<u>Transfer In</u>		<u>Transfer Out</u>		<u>Due To</u>
Food Service	\$	31,075		General	\$	31,075

Note 7. Leases

Lease agreements are summarized as follows:

Description	Date	Payment Terms	Annual Payment Amount	Interest Rate	Total Lease Liability	Current Year Additional Outflows	Balance June 30, 2024
Postage meter	10/1/2019	63 months	\$ 11,208	4.80%	\$ 51,921	\$ -	\$ 6,435
Copiers	1/1/2022	63 months	4,203	4.70%	19,517	-	11,128
Copiers	9/1/2022	63 months	3,045	3.99%	12,968	-	8,243

The equipment leases are both for a term of five years with no stated interest rate. The District used the District's the effective interest rate on their most recent borrowings with similar terms and factored in the prime rate at the time of the leases. Both leases have options to renew or purchase the equipment at fair market value at the end of the term but, the District does not anticipate renewing or purchasing.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year ending June 30,	Principal	Interest
2025	\$ 12,573	\$ 1,213
2026	6,520	727
2027	6,226	321
2028	1,487	35
2029	-	-
Thereafter	-	-
	<u>\$ 26,806</u>	<u>\$ 2,296</u>

*The District implemented the provisions of GASB Statement No. 87, Leases, in the current year. In accordance with this Statement, leases payable have been added to the beginning balances shown above and corresponding lease asset has been recorded for the same amount.

HILLMAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 8. SBITA Liability

\$62,570 has been recorded as intangible right-to-use software arrangements in the General Fund capital assets. Due to the implementation of GASB Statement No. 96, these arrangements for accounting software and education software met the criteria of a SBITA; thus, requiring it to be recorded by the School District as intangible assets and a SBITA liability. These assets will be amortized over the lease terms of three to five years since the related equipment will be replaced at the end of the arrangement term and replaced with new equipment and upgraded software. There are no residual value guarantees in the arrangement provisions. The accounting software arrangements end at various points through June 30, 2029.

A summary of the principal and interest amounts for the remaining arrangements includes the following principal and interest payments:

Year ending June 30,	Principal	Interest
2025	\$ 11,053	\$ 314
2026	1,441	32
2027	-	-
2028	-	-
2029	-	-
	<hr/>	<hr/>
	\$ 12,494	\$ 346
	<hr/>	<hr/>

Note 9. Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General Obligation Bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences, claims and judgments, termination benefits, and certain risk liabilities.

On June 2, 2020, the District entered into a note agreement with a financial institution in the amount of \$540,948. The note is due in monthly installments of \$8,120.14 including interest at 2.59%. The proceeds of the note were used to purchase six propane buses.

HILLMAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

The following is a summary of the long-term debt transactions of the School District for the year ended June 30, 2024:

<u>Debt Obligations -</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bus loan	\$ 280,950	\$ -	\$ (91,243)	\$ 189,707	\$ 93,634
Other					
Compensated absences	128,152	-	(6,687)	121,465	-
Total long-term debt	<u>\$ 409,102</u>	<u>\$ -</u>	<u>\$ (97,930)</u>	<u>\$ 311,172</u>	<u>\$ 93,634</u>
Lease liabilities				26,806	12,573
Subscription agreements				12,494	11,053
				<u>\$ 323,666</u>	<u>\$ 117,260</u>

Fiscal year annual debt service requirements for June 30 to maturity for the above governmental fund obligations are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 93,634	\$ 3,807	\$ 97,441
2025	96,073	1,353	97,426
2026	-	-	-
2027	-	-	-
2028	-	-	-
Thereafter	-	-	-
	<u>\$ 189,707</u>	<u>\$ 5,160</u>	<u>\$ 194,867</u>

Compensated Absences

The School District accrues a liability for compensated absences which meet the following criteria:

- (1) The School District's obligation relating to employees' rights to receive compensation for future.
- (2) The obligation relates to rights that vest or accumulate.
- (3) Payment of the compensation is probable.
- (4) The amount can be reasonably estimated.

All teaching staff, after twelve years of employment with the district, are eligible to be reimbursed for accumulated sick days, up to a maximum of 188 days, upon retirement from teaching. They will be reimbursed at .00243 times the base BA base rate in effect for the year ended June 30, 2024. As of June 30, 2024, the amount which would be due upon retirement for eligible staff is \$121,465.

HILLMAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 10. Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for medical claims and participates in the SET-SEG risk pool for claims relating to workers' compensation, general liability, and property/casualty claims. Settled claims relating to the commercial insurance did not exceed the amount of coverage in any of the past three fiscal years.

Note 11. Economic Dependency

Approximately 50% of the School District's General Fund revenues are received from the State of Michigan through the Michigan Department of Education. This School District is considered to be economically dependent on this revenue source.

Note 12. Tax Abatements

There were no significant tax abatements made to the District for the fiscal year ended June 30, 2024.

HILLMAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 13. Retirement Plan

Plan Description

The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB member plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2022 valuation will be amortized over a 16-year period beginning October 1, 2022 and ending September 30, 2038.

HILLMAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

The schedule below summarizes pension contribution rates in effect for fiscal year ended September 30, 2021.

<u>Benefit Structure</u>	<u>Member</u>	<u>Pension Contribution Rates</u>	
		<u>Employer</u>	
		Universities	Non-Universities
Basic	0.0 - 4.0%	16.52%	20.16%
Member Investment Plan	3.0 - 7.0%	16.52%	20.16%
Pension Plus	3.0 - 6.4%	N/A	17.24%
Pension Plus 2	6.2%	N/A	19.95%
Defined Contribution	0.0%	10.00%	13.75%

Required contributions to the pension plan from Hillman Community Schools were \$895,952 for the year ended September 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the District reported a liability of \$8,045,935 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2022. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2023, the District's proportion was .02485917 percent, which was an increase of .001240 percent from its proportion measured as of September 30, 2022.

For the year ending June 30, 2024, the District recognized pension expense of \$958,140. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 253,986	\$ 12,325
Changes of Assumptions	1,090,261	628,620
Net difference between projected and actual earnings on pension plan investments	-	164,646
Changes in proportion and differences between Employer contributions and proportionate share of contributions	296,172	202,802
Employer contributions subsequent to the measurement date	1,032,445	519,891
Total	<u>\$ 2,672,864</u>	<u>\$ 1,528,284</u>

HILLMAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)

2024	138,577
2025	151,848
2026	422,575
2027	(80,974)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2022
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
- MIP and Basic Q402 Plans:	6.00% net of investment expenses
- Pension Plus Plan:	6.00% net of investment expenses
- Pension Plus 2 Plan:	6.00% net of investment expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members
Mortality:	
Retirees:	PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Active Members:	PubT-2010 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

HILLMAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Notes:

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total pension liability as of September 30, 2023, is based on the results of an actuarial valuation date of September 30, 2022, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [4.4406 for non-university employers 1.0000 for university employers]

Recognition period for assets in years is 5.0000

Full actuarial assumptions are available in the 2023 MPERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.8%
Private Equity Pools	16.0	9.6
International Equity Pools	15.0	6.8
Fixed Income Pools	13.0	1.3
Real Estate and Infrastructure Pools	10.0	6.4
Absolute Return Pools	9.0	4.8
Real Return/Opportunistic Pools	10.0	7.3
Short Term Investment Pools	2.0	0.3
TOTAL	100.0%	

**Long term rates of return are net of administrative expenses and 2.7% inflation*

Rate of Return

For the fiscal year ended September 30, 2023, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 8.29%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

HILLMAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Discount Rate

A discount rate of 6.00% was used to measure the total pension liability (6.0% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents Hillman Community School's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan), as well as what Hillman Community School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
\$ 10,870,035	\$ 8,045,935	\$ 5,694,770

** Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2. Non-university employers provide Basic, MIP, Pension Plus and Pension Plus 2 plans. University employers provide only the Basic and MIP plans.*

Michigan Public School Employees' Retirement System (MPERS) Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the Michigan Public School Employees' Retirement System (MPERS)

The District accrued liabilities to the System in the amount of \$147,012 associated with salary and wages recorded as liabilities at year end.

HILLMAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 14. Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members— eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

HILLMAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2022 valuation will be amortized over a 16-year period beginning October 1, 2022 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year September 30, 2023.

OPEB Contribution Rates			
Benefit Structure	Member	Employer	
		Universities	Non-Universities
Premium Subsidy	3.00%	0.92%	8.07%
Personal Healthcare	0.00%	0.00%	7.21%

Required contributions to the OPEB plan from the District were \$205,133 for the year ended September 30, 2023.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2024, the District reported an asset of \$148,965 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2023, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2022. Hillman Community School's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2023, the District's proportion was 0.02633302 percent, which was an increase of .003341percent from its proportion measured as of October 1, 2022.

HILLMAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

For the year ending June 30, 2024, Hillman Community Schools recognized OPEB expense of (\$264,760). At June 30, 2024, Hillman Community Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between actual and expected experience	\$ -	\$ 1,125,660
Changes of Assumptions	331,623	39,934
Net difference between projected and actual earnings on OPEB plan investments	454	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	164,010	132,965
Employer contributions subsequent to the measurement date	<u>192,168</u>	<u>-</u>
Total	<u>\$ 688,255</u>	<u>\$ 1,298,559</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)

2024	(276,504)
2025	(277,943)
2026	(83,148)
2027	(84,319)
2028	(54,237)
Thereafter	(26,321)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

HILLMAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2022
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00% net of investment expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	Pre-65: 7.75% Year 1 graded to 3.5% Year 15 Post-65: 5.75% Year 1 graded to 3.5% Year 15
Mortality:	Retirees: PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
	Active: PubT-2010 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Other Assumptions:

Opt Out Assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for one or more dependents.

Notes: Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2023 valuation. The total OPEB liability as of September 30, 2023, is based on the results of an actuarial valuation date of September 30, 2022, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [6.5099 for non-university employers or 1.0000 for university employers]

Recognition period for assets in years is 5.0000

Full actuarial assumptions are available in the 2023 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

HILLMAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate
Domestic Equity Pools	25.0%	5.8%
Private Equity Pools	16.0	9.6
International Equity Pools	15.0	6.8
Fixed Income Pools	13.0	1.3
Real Estate and Infrastructure Pools	10.0	6.4
Absolute Return Pools	9.0	4.8
Real Return/Opportunistic Pools	10.0	7.3
Short Term Investment Pools	2.0	0.3
TOTAL	100.0%	

**Long term rates of return are net of administrative expenses and 2.7% inflation*

Rate of Return

For the fiscal year ended September 30, 2023, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 7.94%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

HILLMAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Sensitivity of Hillman Community School's proportionate share of the net OPEB liability to changes in the discount rate

The following presents Hillman Community School's proportionate share of the net OPEB liability calculated using the discount rate of 6.00%, as well as what Hillman Community School's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
\$ 154,433	\$ (148,965)	\$ (409,706)

Sensitivity of Hillman Community School's proportionate share of the net OPEB liability to Healthcare Cost Trend Rate

The following presents Hillman Community School's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what Hillman Community School's proportionate share of net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ (510,356)	\$ (148,965)	\$ 133,945

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2023 MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

The District accrued liabilities to the System in the amount of \$18,521 associated with salary and wages recorded as liabilities at year end.

Note 15. Management Review

Management has evaluated subsequent events and transactions for potential recognition and disclosure through October 29, 2024, the date the financial statements were available to be issued. No significant events or transactions were identified.

Required Supplemental Information

HILLMAN COMMUNITY SCHOOLS
BUDGET COMPARISON SCHEDULE - GENERAL FUND
Year Ended June 30, 2024

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
REVENUES:				
Local sources	\$ 1,958,997	\$ 2,084,834	\$ 2,063,843	\$ (20,991)
State sources	3,165,853	3,688,708	3,708,522	19,814
Federal sources	463,061	526,830	480,761	(46,069)
Interdistrict and other sources	262,730	399,146	308,959	(90,187)
Total Revenues	5,850,641	6,699,518	6,562,085	(137,433)
EXPENDITURES:				
Instruction-				
Basic programs	2,717,501	2,881,383	2,704,444	176,939
Added needs	934,040	1,052,514	1,009,307	43,207
				-
Supporting services -				-
Pupil	30,710	30,710	25,453	5,257
Instructional staff	90,040	123,541	97,415	26,126
General administration	323,821	378,568	379,647	(1,079)
School administration	373,794	408,284	405,333	2,951
Business services	162,750	162,019	159,556	2,463
Operation & maintenance	590,697	732,015	741,721	(9,706)
Transportation	340,407	420,620	366,944	53,676
Support services - Central	239,556	296,413	273,831	22,582
Support services - Other	117,675	132,520	126,478	6,042
Community services -				
Community activities	-	5,500	3,218	2,282
Capital outlay	44,000	204,560	170,520	34,040
Total Expenditures	5,964,991	6,828,647	6,463,867	364,780
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	85,887	85,887
Operating transfers out	-	-	(31,075)	(31,075)
Prior year adjustment	-	-	-	-
Sale of assets	-	-	-	-
Indirect costs recovery	-	-	-	-
Redemption of debt	-	-	-	-
Principal payments	(121,243)	(121,243)	(118,245)	2,998
Interest on school bus loans	(16,399)	(16,399)	(9,020)	7,379
Net other financing sources (uses)	(137,642)	(137,642)	(158,340)	(20,698)
NET CHANGE IN FUND BALANCE	(251,992)	(266,771)	(60,122)	206,649
FUND BALANCE - BEGINNING OF YEAR	1,008,841	1,613,618	1,613,618	-
FUND BALANCE - END OF YEAR	\$ 756,849	\$ 1,346,847	\$ 1,553,496	\$ 206,649

HILLMAN COMMUNITY SCHOOLS
BUDGET COMPARISON SCHEDULE - FOOD SERVICE FUND
Year Ended June 30, 2024

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
REVENUES:				
Local sources	\$ 16,850	\$ 17,375	\$ 15,608	\$ (1,767)
State sources	22,000	72,073	51,960	(20,113)
Federal sources	335,000	321,074	298,855	(22,219)
Total Revenues	373,850	410,522	366,423	(44,099)
EXPENDITURES:				
Supporting services -				
Food service	382,657	418,305	396,247	22,058
OTHER FINANCING SOURCES (USES):				
Prior year adjustment	-	-	-	-
Indirect costs	-	-	-	-
Operating transfer In	-	-	31,075	31,075
Net other financing sources (uses)	-	-	31,075	(31,075)
NET CHANGE IN FUND BALANCE	(8,807)	(7,783)	1,251	9,034
FUND BALANCE - BEGINNING OF YEAR	18,530	8,972	8,972	-
FUND BALANCE - END OF YEAR	\$ 9,723	\$ 1,189	\$ 10,223	\$ 9,034

HILLMAN COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTAL INFORMATION
June 30, 2024

Schedule of the District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. District's proportion of net pension liability (%)	0.02486%	0.02362%	0.02410%	0.02495%	0.02593%	0.02514%	0.02574%	0.02707%	0.02754%	0.02681%
B. District's proportionate share of net pension liability	8,045,935	\$ 8,883,044	\$ 5,686,100	\$ 8,569,964	\$ 8,587,280	\$ 7,546,592	\$ 6,671,222	\$ 6,754,919	\$ 6,725,776	\$ 5,904,367
C. District's covered-employee payroll	\$ 2,629,689	\$ 2,242,429	\$ 2,193,306	\$ 2,102,840	\$ 2,330,372	\$ 2,119,416	\$ 2,108,260	\$ 2,271,053	\$ 2,298,662	\$ 2,282,458
D. District's proportionate share of net pension liability as a percentage of its covered-employee payroll	305.97%	396.13%	259.25%	407.54%	368.49%	356.07%	316.43%	297.44%	292.60%	258.68%
E. Plan fiduciary net position as a percentage of total pension liability	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

*The employer's covered payroll is defined by GASB 82, Pension Issues—an amendment to GASB Statements No. 67, No. 68, and No. 73, as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For university employers, covered payroll for both pension and OPEB is the greater of 1) university payroll on which contributions to the plan are based or 2) the required minimum payroll amount required by PA 136 of 2016. For non-university employers, covered payroll for both pension and OPEB represents payroll on which contributions to both plans are based.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with fiscal year ending June 30, 2015.

HILLMAN COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTAL INFORMATION
June 30, 2024

Schedule of the District's Contributions
Michigan Public School Employees Retirement Plan
Last 10 Reporting Unit Fiscal Years (Amounts were determined as of 6/30 of each fiscal year)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required contributions	\$ 895,952	\$ 854,399	\$ 811,939	\$ 728,311	\$ 691,902	\$ 655,827	\$ 702,493	\$ 607,950	\$ 614,766	\$ 431,600
B. Contributions in relation to statutorily required contributions*	\$ 895,952	\$ 854,399	\$ 811,939	\$ 728,311	\$ 691,902	\$ 655,827	\$ 702,493	\$ 607,950	\$ 614,766	\$ 431,600
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D. District's covered-employee payroll**	\$ 2,793,392	\$ 2,626,557	\$ 2,226,763	\$ 2,145,195	\$ 2,193,751	\$ 2,257,426	\$ 2,110,472	\$ 2,123,033	\$ 2,188,141	\$ 2,316,044
E. Contributions as a percentage of covered-employee payroll	32.07%	32.53%	36.46%	33.95%	31.54%	29.05%	33.29%	28.64%	28.10%	18.64%

*Contributions in relation to statutorily required pension contributions are the contributions an employer actually made to the System, as distinct from the statutorily required contributions.

**The employer's covered payroll is defined by GASB 82, Pension Issues—an amendment to GASB Statements No. 67, No. 68, and No. 73, as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For university employers, covered payroll for both pension and OPEB is the greater of 1) university payroll on which contributions to the plan are based or 2) the required minimum payroll amount required by PA 136 of 2016. For non-university employers, covered payroll for both pension and OPEB represents payroll on which contributions to both plans are based.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with fiscal year ending June 30, 2015.

HILLMAN COMMUNITY SCHOOLS REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2024

Schedule of the District's Proportionate Share of the Net OPEB Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
A. Employer's proportion of net OPEB liability (%)				0.02633%	0.02299%	0.02425%	0.02376%	0.02666%	0.02489%	0.02580%
B. Employer's proportionate share of net OPEB liability				\$ (148,965)	\$ 486,975	\$ 370,126	\$ 1,272,671	\$ 1,913,507	\$ 1,978,117	\$ 2,284,907
C. Employer's covered payroll (OPEB)*				\$ 2,629,689	\$ 2,242,429	\$ 2,193,306	\$ 2,102,840	\$ 2,330,372	\$ 2,119,416	\$ 2,108,260
D. Employer's proportionate share of net OPEB liability as a percentage of its covered payroll (%)				-5.66%	21.72%	16.88%	60.52%	82.11%	93.33%	108.38%
E. Plan fiduciary net position as a percentage of total OPEB liability				105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

*The employer's covered payroll is defined by GASB 82, Pension Issues—an amendment to GASB Statements No. 67, No. 68, and No. 73, as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For university employers, covered payroll for both pension and OPEB is the greater of 1) university payroll on which contributions to the plan are based or 2) the required minimum payroll amount required by PA 136 of 2016. For non-university employers, covered payroll for both pension and OPEB represents payroll on which contributions to both plans are based.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

HILLMAN COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTAL INFORMATION
June 30, 2024

Schedule of the District's Contributions
Michigan Public School Employees Retirement Plan
Last 10 Reporting Unit Fiscal Years (Amounts were determined as of 6/30 of each fiscal year)

	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018
A. Statutorily required OPEB contributions				\$ 205,133	\$ 175,134	\$ 176,860	\$ 163,058	\$ 161,030	\$ 175,876	\$ 165,649
B. OPEB contributions in relation to statutorily required contributions*				\$ 205,133	\$ 175,134	\$ 176,860	\$ 163,058	\$ 161,030	\$ 175,876	\$ 165,649
C. Contribution deficiency (excess)				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D. Employer's covered payroll (OPEB)**				\$ 2,793,392	\$ 2,626,557	\$ 2,226,763	\$ 2,145,195	\$ 2,193,751	\$ 2,257,426	\$ 2,110,472
E. OPEB contributions as a percentage of covered payroll				7.34%	6.67%	7.94%	7.60%	7.34%	7.79%	7.85%

*Contributions in relation to statutorily required OPEB contributions are the contributions an employer actually made to the OPEB Plan, as distinct from the statutorily required contributions.

**The employer's covered payroll is defined by GASB 82, Pension Issues—an amendment to GASB Statements No. 67, No. 68, and No. 73, as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For university employers, covered payroll for both pension and OPEB is the greater of 1) university payroll on which contributions to the plan are based or 2) the required minimum payroll amount required by PA 136 of 2016. For non-university employers, covered payroll for both pension and OPEB represents payroll on which contributions to both plans are based.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

HILLMAN COMMUNITY SCHOOLS
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
June 30, 2024

Changes of Benefit Terms

There were no changes of benefit terms in fiscal year ended September 30, 2023.

Changes of Assumptions

There were no changes of benefit assumptions in fiscal year ended September 30, 2023.

Other Supplemental Information

HILLMAN COMMUNITY SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2024 and 2023

REVENUES:	2024	2023
Local Sources -		
Current tax levy	\$ 1,851,590	\$ 1,754,062
Other taxes	22,686	-
Revenue in lieu of taxes	-	4,134
Interest/delinquent taxes	10,246	9,098
Gate receipts	28,918	21,079
Participation fees	12,224	13,958
Transportation fees	1,340	1,500
Interest on investments	71,717	54,792
Rentals	17,397	17,397
Royalties	590	2,571
Local grants and donations	27,379	69,544
Other	19,756	17,119
Total Local Sources	2,063,843	1,965,254
State Sources -		
State Foundation Grant	2,177,084	1,953,286
Isolated Districts	24,413	23,082
MPERS 147a	157,222	75,747
MPERS 147c	519,892	612,273
MPERS 147e	25,020	16,800
MPERS 147f	13,534	-
MPERS Forfeiture Credit	3,101	1,402
CTE Per Pupil	1,788	1,231
Special Education	152,628	262,659
At Risk - Section 31a	268,565	364,670
Targeted Literacy	28,360	34,356
Headlee Data Collection	12,261	11,261
Per Pupil Student Safety Sec 97	1,223	47,753
Per Pupil Mental Health 31aa	35,093	48,814
Risk Assessments 97c	2,000	4,000
Critical Incident Mapping 97d	-	6,196
Benchmark Assesemtns 104h	3,575	3,650
MSP School Safety Grant	-	54,000
School Board Member Train 1100	695	700
61c Equipment Grant	136,187	25,382
MSP School Resource Officer	30,810	35,546
22l District Transportation Costs	82,960	-
27l Educator Compensation Plan	21,598	-
MI Kids Back on Track 23g	1,789	-
Early Literacy 35a(5)	7,824	-
67f FAFSA Completion Challenge	900	-
Total State Sources	3,708,522	3,582,808

HILLMAN COMMUNITY SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2024 and 2023

Federal Sources -		
Title I	121,499	125,636
Title II A	19,449	18,662
Title IV A	10,414	13,115
Small Rural Schools	31,083	25,803
ESSER Emergency Relief (II & III)	295,009	536,250
Pandemic EBT	-	628
Medicaid Outreach	3,307	2,866
Total Federal Sources	<u>480,761</u>	<u>722,960</u>
Interdistrict and Other Sources		
Transfers from other governmental units:		
Special Education	210,848	193,390
Other District Services	47,730	72,652
Medicaid Fee for Service	46,230	31,070
Other Sources	4,151	-
Total Interdistrict and Other Sources	<u>308,959</u>	<u>297,112</u>
Total Revenues	<u>6,562,085</u>	<u>6,568,134</u>
EXPENDITURES:		
Instruction	3,713,751	4,026,860
Supporting Services	2,576,378	2,404,215
Community Services	3,218	-
Capital Outlay	170,520	98,716
Total Expenditures	<u>6,463,867</u>	<u>6,529,791</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	85,887	-
Transfers out	(31,075)	-
Prior year adjustment	-	(530)
Sale of assets	-	500
Redemption of debt	-	43,229
Indirect cost recovery	-	-
Principal payments	(118,245)	(112,446)
Interest	(9,020)	(14,017)
Net Other Financing Sources (Uses)	<u>(72,453)</u>	<u>(83,264)</u>
Net change in fund balances	25,765	(44,921)
Fund balance - Beginning of year	1,613,618	1,658,539
Fund balance - End of year	<u>\$ 1,639,383</u>	<u>\$ 1,613,618</u>

HILLMAN COMMUNITY SCHOOLS
GENERAL FUND
DETAIL OF EXPENDITURES
Year Ended June 30, 2024 With Comparative Totals at June 30, 2023

INSTRUCTION:	Salaries	Employee Benefits	Purchased Services	Supplies and Other Costs	Other Expenses	Capital Outlay	Totals	
							2024	2023
Basic Programs -								
Elementary	\$ 577,532	\$ 504,207	\$ 27,011	\$ 37,302	\$ 4,404	\$ -	\$ 1,150,456	1,668,583
Secondary	740,675	587,556	144,675	52,681	25,882	-	1,551,469	1,324,345
Summer School	1,639	880	-	-	-	-	2,519	4,050
Total Basic Programs	<u>1,319,846</u>	<u>1,092,643</u>	<u>171,686</u>	<u>89,983</u>	<u>30,286</u>	<u>-</u>	<u>2,704,444</u>	<u>2,996,978</u>
Added Needs -								
Special Education	287,928	271,820	-	1,869	-	-	561,617	454,273
Compensatory Education	204,534	131,469	-	-	-	-	336,003	441,058
Career and Technical Education	61,644	40,559	-	9,484	-	135,937	247,624	134,551
Total Added Needs	<u>554,106</u>	<u>443,848</u>	<u>-</u>	<u>11,353</u>	<u>-</u>	<u>135,937</u>	<u>1,145,244</u>	<u>1,029,882</u>
Total Instruction	<u>1,873,952</u>	<u>1,536,491</u>	<u>171,686</u>	<u>101,336</u>	<u>30,286</u>	<u>135,937</u>	<u>3,849,688</u>	<u>4,026,860</u>
SUPPORTING SERVICES:								
Pupil -								
Guidance Services	-	-	-	1,780	-	-	1,780	24,191
Other Pupil Support	10,302	5,522	-	6,921	928	-	23,673	-
Total Pupil	<u>10,302</u>	<u>5,522</u>	<u>-</u>	<u>8,701</u>	<u>928</u>	<u>-</u>	<u>25,453</u>	<u>24,191</u>
Instructional Staff Services -								
Improvement of Instruction	15,613	13,747	18,618	-	17,248	-	65,226	103,276
Educational Media Services	-	-	-	1,044	-	-	1,044	-
Instructional Related Technology	-	-	-	28,082	-	5,988	34,070	25,803
Supervision and Direction	1,300	489	-	-	-	-	1,789	-
Academic Student Assessment	-	-	-	1,274	-	-	1,274	1,270
Total Instructional Staff	<u>16,913</u>	<u>14,236</u>	<u>18,618</u>	<u>30,400</u>	<u>17,248</u>	<u>5,988</u>	<u>103,403</u>	<u>130,349</u>
General Administration Services -								
Board of Education	1,666	135	34,761	2,298	2,527	-	41,387	53,904
Executive Administration	178,218	122,696	21,688	2,119	13,539	-	338,260	205,910
Total General Administrative Services	<u>179,884</u>	<u>122,831</u>	<u>56,449</u>	<u>4,417</u>	<u>16,066</u>	<u>-</u>	<u>379,647</u>	<u>259,814</u>

HILLMAN COMMUNITY SCHOOLS
GENERAL FUND
DETAIL OF EXPENDITURES
Year Ended June 30, 2024 With Comparative Totals at June 30, 2023

	Salaries	Employee Benefits	Purchased Services	Supplies and Other Costs	Other Expenses	Capital Outlay	Totals	
							2024	2023
SUPPORTING SERVICE (CONTINUED):								
School Administrative Services -								
Office of the Principal	214,206	187,300	1,422	2,405	-	-	405,333	317,183
Business Services -								
Fiscal Services	-	-	333	-	122,065	-	122,398	182,954
Other Business Services	-	-	37,158	-	-	-	37,158	33,473
Total Business Services	-	-	37,491	-	122,065	-	159,556	216,427
Operations and Maintenance -								
Operations of Buildings Services	229,400	140,009	107,497	177,420	33,958	-	688,284	636,239
Security Services	-	-	37,263	2,000	14,174	-	53,437	71,175
Total Operations and Maintenance	229,400	140,009	144,760	179,420	48,132	-	741,721	707,414
Pupil Transportation Services -								
Pupil Transportation Services	185,347	122,558	24,067	28,252	6,720	-	366,944	337,159
Support Services - Central -								
Planning, Research, Development	-	-	16,320	-	-	-	16,320	-
Staff/Personnel Services	-	-	-	-	-	-	-	-
Non Instructional Technology	86,837	66,408	65,423	38,843	-	23,950	281,461	279,427
Total Support Services - Central	86,837	66,408	81,743	38,843	-	23,950	297,781	279,427
Support Services - Other -								
Pupil Activities	-	-	-	-	-	-	-	-
Athletics	22,271	12,790	67,850	13,752	9,815	4,645	131,123	132,251
Total Support Services - Other	22,271	12,790	67,850	13,752	9,815	4,645	131,123	132,251
Total Supporting Services	945,160	671,654	432,400	304,410	220,974	34,583	2,610,961	2,380,024
COMMUNITY SERVICES:								
Community Activities	-	-	-	3,218	-	-	3,218	-
Total Expenditures	<u>\$ 2,819,112</u>	<u>\$ 2,208,145</u>	<u>\$ 604,086</u>	<u>\$ 408,964</u>	<u>\$ 251,260</u>	<u>\$ 170,520</u>	<u>\$ 6,463,867</u>	<u>\$ 6,406,884</u>

HILLMAN COMMUNITY SCHOOLS
FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Years Ended June 30, 2024 and 2023

REVENUES:	2024	2023
Local sources -		
Cafeteria sales	\$ 7,698	\$ 52,630
Earnings on investments	106	209
Other	7,804	1,550
Total local sources	<u>15,608</u>	<u>54,389</u>
State sources -		
MPSERS UAAL 147c(1)	-	16,188
Section 30d Breakfast	9,676	-
Section 30d Lunch	17,700	-
Section 31f School Breakfast	2,977	-
Section 31a At Risk	-	448
Section 31d School Lunch	21,607	14,238
Total state sources	<u>51,960</u>	<u>30,874</u>
Federal sources -		
National School Lunch Program	193,116	163,511
USDA Supply Chain Assistance	14,875	20,788
National School Breakfast Program	53,201	42,627
Fresh Fruit & Vegetable	11,220	-
School Breakfast Expansion	10,000	-
Donated commodities - Entitlement	16,443	11,777
Total federal sources	<u>298,855</u>	<u>238,703</u>
Total revenues	<u>366,423</u>	<u>323,966</u>
EXPENDITURES:		
Supporting services -		
Food service -		
Salaries and wages	106,954	103,360
Employee benefits	72,408	79,954
Purchased services	8,857	17,426
Food and milk	178,292	176,209
USDA Delivery charge	16,443	11,777
Sales tax	-	731
Supplies and other costs	13,293	11,051
Total expenditures	<u>396,247</u>	<u>400,508</u>
OTHER FINANCING SOURCES (Uses):		
Prior year adjustment	-	530
Operating transfers in	31,075	-
Indirect costs	-	-
Total other financing sources (uses)	<u>31,075</u>	<u>530</u>
Net change in fund balances	1,251	(76,012)
Fund balance - Beginning of year	<u>8,972</u>	<u>84,984</u>
Fund balance - End of year	<u>\$ 10,223</u>	<u>\$ 8,972</u>

HILLMAN COMMUNITY SCHOOLS
2015 REFUNDING BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Years Ended June 30, 2024 and 2023

REVENUES:	2024	2023
Local sources -		
Current tax levy	\$ -	\$ 471,337
Other taxes	-	-
Interest on delinquent taxes	-	2,431
Earnings on investments	139	1,811
Total local sources	<u>139</u>	<u>475,579</u>
State sources -		
Debt loss on personals	3,823	3,716
Payment in lieu of taxes	-	15,081
Total state sources	<u>3,823</u>	<u>18,797</u>
Total revenues	<u>3,962</u>	<u>494,376</u>
EXPENDITURES:		
Debt service -		
Bond principal	-	525,000
Interest on bonded debt	-	13,125
Paying agent fees	-	-
Taxes paid back	-	-
Total expenditures	<u>-</u>	<u>538,125</u>
OTHER FINANCING SOURCES (Uses):		
Operating transfers out	<u>(85,887)</u>	<u>-</u>
Net change in fund balances	(81,925)	(43,749)
Fund balance - Beginning of year	<u>81,925</u>	<u>125,674</u>
Fund balance - End of year	<u>\$ -</u>	<u>\$ 81,925</u>

HILLMAN COMMUNITY SCHOOLS
SINKING FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Years Ended June 30, 2024 and 2023

REVENUES:	2024	2023
Local sources -		
Current tax levy	\$ 210,509	\$ 192,458
Other taxes	-	-
Interest on delinquent taxes	1,712	993
Earnings on investments	2,840	757
Total local sources	<u>215,061</u>	<u>194,208</u>
State sources -		
Debt loss on personals	-	-
Payment in lieu of taxes	568	6,158
Total state sources	<u>568</u>	<u>6,158</u>
Total revenues	<u>215,629</u>	<u>200,366</u>
EXPENDITURES:		
Current -		
Supporting seivices	4,170	6,552
Capital outlay	100,797	-
Total expenditures	<u>104,967</u>	<u>6,552</u>
Net change in fund balances	110,662	193,814
Fund balance - Beginning of year	<u>347,198</u>	<u>153,384</u>
Fund balance - End of year	<u>\$ 457,860</u>	<u>\$ 347,198</u>

HILLMAN COMMUNITY SCHOOLS
 DETAIL OF BUS NOTE PAYABLE
 June 30, 2024

Purpose of issue -
 Bus purchases
 Amount of issue: \$ 540,948
 Interest rate - 2.590%
 Date of issue - June 2, 2020

Date	June, 30	
	Principal	Interest
2025	\$ 93,634	\$ 3,807
2026	96,073	1,353
	<u>\$ 189,707</u>	<u>\$ 5,160</u>

HILLMAN COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2024

	Assistance Listing Number	Pass Through Grantor's #	Approved Award	(Memo Only) Prior Year Expenditure	Accrued Revenue July 1, 2023	Adjustments	Current Year's Receipts	Current Year's Expenditures	Accrued Revenue June 30, 2024
U.S. DEPARTMENT OF AGRICULTURE:									
Passed Through M.D.E. -									
Child Nutrition Cluster:									
Non-Cash Assistance (Commodities):									
National School Lunch - Entitlement	10.555		\$ 16,443	\$ -	\$ -	\$ -	\$ 16,443	\$ 16,443	\$ -
National School Lunch - Entitlement Bonus	10.555		-	-	-	-	-	-	-
			<u>16,443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,443</u>	<u>\$ 16,443</u>	<u>\$ -</u>
Cash Assistance									
National School Breakfast Program:									
National School Breakfast	10.553	231970	53,201	-	-	-	52,205	53,201	996
National School Lunch Program:									
National School Lunch	10.555	231960	24,617	-	-	-	24,617	24,617	-
National School Lunch	10.555	241960	164,950	-	-	-	164,950	168,499	3,549
Supply Chain Assistance	10.555	240910	14,875	-	-	-	14,875	14,875	-
			<u>204,442</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>204,442</u>	<u>207,991</u>	<u>3,549</u>
Fresh Fruit and Vegetable Program	10.582	240950	11,220	-	-	-	11,220	11,220	-
Total U.S. Department of Agriculture - Child Nutrition Cluster			<u>285,306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>284,310</u>	<u>288,855</u>	<u>4,545</u>
USDA Nutrition Discretionary Grants									
FY-24 School Breakfast Expansion	10.579	221997	10,000	-	-	-	9,314	10,000	686
Total U.S. Department of Agriculture			<u>295,306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>293,624</u>	<u>298,855</u>	<u>5,231</u>

HILLMAN COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2024

	Assistance Listing Number	Pass Through Grantor's #	Approved Award	(Memo Only) Prior Year Expenditure	Accrued Revenue July 1, 2023	Adjustments	Current Year's Receipts	Current Year's Expenditures	Accrued Revenue June 30, 2024
U.S. DEPARTMENT OF EDUCATION:									
Passed Through M.D.E. -									
Title 1 Part A									
84.010									
2022/2023 Regular		231530-2223	\$ 134,975	\$ 125,636	\$ 32,050	\$ -	\$ 32,050	\$ -	\$ -
2023/2024 Regular		241530-2324	153,568	-	-	-	97,946	121,499	23,553
			<u>288,543</u>	<u>125,636</u>	<u>32,050</u>	<u>-</u>	<u>129,996</u>	<u>121,499</u>	<u>23,553</u>
Title II Part A									
84.367									
2023/2024 Regular		240520-2324	19,449	-	-	-	19,449	19,449	-
Title IV Part A									
84.424									
2021/2022 Regular		230750-2223	13,115	824	-	-	824	-	-
2022/2023 Regular		240750-2324	10,414	-	-	-	10,414	10,414	-
			<u>23,529</u>	<u>824</u>	<u>-</u>	<u>-</u>	<u>11,238</u>	<u>10,414</u>	<u>-</u>
Education Stabilization Fund									
Elementary and Secondary School Emergency Relief (ESSR) Fund III									
Total Education Stabilization Fund									
84.425U		213713-2122	1,077,998	782,988	57,799	-	283,526	295,010	69,283
			<u>1,077,998</u>	<u>782,988</u>	<u>57,799</u>	<u>-</u>	<u>283,526</u>	<u>295,010</u>	<u>69,283</u>
Small, Rural School Achievement Program									
84.358			31,083	-	-	-	31,083	31,083	-
Total U.S. Department of Education			<u>1,440,602</u>	<u>909,448</u>	<u>89,849</u>	<u>-</u>	<u>475,292</u>	<u>477,455</u>	<u>92,836</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:									
Medicaid Cluster									
Special Education Medicaid									
93.778		N/A	3,307	-	-	-	3,307	3,307	-
Total Federal Awards			<u>\$ 1,739,215</u>	<u>\$ 909,448</u>	<u>\$ 89,849</u>	<u>\$ -</u>	<u>\$ 772,223</u>	<u>\$ 779,617</u>	<u>\$ 98,067</u>

HILLMAN COMMUNITY SCHOOLS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Hillman Community Schools under programs of the federal government for the year ended June 30, 2024. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Because the Schedule presents only a selected portion of the operations of Hillman Community Schools, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows, if applicable, of Hillman Community Schools. Pass through entity identifying numbers are presented where available.

Note 2. Indirect Costs

Hillman Community Schools has not elected to use the 10% de minimus indirect costs rate.

Note 3. Grant Auditor Report

Management utilizes the Cash Management System (CMS) Grant Auditor Report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

Note 4. Noncash Assistance

The value of noncash assistance received was determined in accordance with the provisions of the *Uniform Guidance*.

Note 5. Reconciliation to Financial Statements

The total expenditure amount on the Schedule of Expenditures of Federal Awards agrees to the total amount of federal award revenue reported on the School District's financial statements.



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David G. Gwizdala, C.P.A.
Robert E. Friske, C.P.A.

Members:

American Institute of C.P.A.'s
Michigan Association of C.P.A.'s

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Education
Hillman Community Schools

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hillman Community Schools, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Hillman Community Schools' basic financial statements and have issued our report thereon dated October 29, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hillman Community Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hillman Community Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Hillman Community Schools' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hillman Community Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

Quast, Janke and Company



Bay City, Michigan
October 29, 2024



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Board of Education
Hillman Community Schools

Report on Compliance for Each Major Federal Program

Opinion on Major Federal Program

We have audited Hillman Community Schools' compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Hillman Community Schools' major federal programs for the year ended June 30, 2024. Hillman Community Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Hillman Community Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Hillman Community Schools and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Hillman Community Schools' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Hillman Community Schools' federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Hillman Community Schools 's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Hillman Community Schools' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Hillman Community Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Hillman Community Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Hillman Community Schools' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Quast, Janke and Company



Bay City, Michigan
October 29, 2024

HILLMAN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

Section I. Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified:	<u> </u> YES	<u> X </u> NO
Significant deficiencies identified that are not considered to be material weaknesses:	<u> </u> YES	<u> X </u> NO

Noncompliance material to financial statements noted:

Federal Awards

Internal control over major programs:

Material weakness(es) identified:	<u> </u> YES	<u> X </u> NO
Significant deficiencies identified that are not considered to be material weaknesses:	<u> </u> YES	<u> X </u> NO

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported with Title 2 U.S. *Code of Federal Regulations* (CFR) PART 200

Uniform Requirements: YES X NO

Identification of major programs

<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>
	Child Nutrition Cluster
10.555	National School Lunch Program
10.553	School Breakfast Program
10.559	Summer Food Service Program for Children

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee: X YES NO

HILLMAN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

Section II. Financial Statement Audit Findings

None. There were no findings related to the financial statements, which are required to be reported in accordance with *Government Auditing Standards* generally accepted in the United States of America for the year ended June 30, 2024.

Section III. Major Federal Award Findings

None. Our audit disclosed no findings required to be reported related to Federal programs under the Uniform Guidance for the year ended June 30, 2024.

Federal Award Findings and Questioned Costs

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2023.